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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

POWER INTEGRATIONS, INC.,
Plaintiff,
v.
FAIRCHILD SEMICONDUCTOR
INTERNATIONAL, INC., et al.,
Defendants.

Case No. [15-cv-04854-MMC](#)

**ORDER GRANTING PLAINTIFF'S
MOTION TO LIFT STAY; SETTING
CASE MANAGEMENT CONFERENCE**

Re: Dkt. No. 95

Before the Court is plaintiff Power Integrations, Inc.'s ("Power Integrations") motion, filed July 20, 2018, "to Lift Stay as to the '876 Patent, and to Sever and Transfer the '876 Patent to Go Forward with Other '876 Claims Against Fairchild's Parent Corporation ON Semiconductor," by which Power Integrations sought an order "severing the '876 infringement claim under Federal Rule of Civil Procedure 21 and transferring the claim to Northern District of California case number 16-cv-6371." (See Mot. at 1:19–20.) On August 3, 2018, defendants Fairchild Semiconductor International, Inc., Fairchild Semiconductor Corp., and Fairchild (Taiwan) Corp. (collectively, "Fairchild") filed opposition, to which, on August 10, 2018, Power Integrations replied. Subsequently, Power Integrations, on October 26, 2018, filed a "Notice of Order," in which it withdrew its request to transfer but "maintain[ed] its pending motion to lift the stay as to the '876 patent and sever that patent from the rest of the case." (See Not. at 2:8–9.)¹ On October

¹ Although Power Integrations continues to move to "sever," the Court understands Power Integrations to be seeking an order allowing the above-referenced claim to proceed to trial in the above-titled action, while leaving, with one exception discussed below, the previously issued stay in place as to all other claims and counterclaims

1 29, 2018, Fairchild filed a response in which it reasserted its opposition thereto.

2 On November 2, 2018, the Court held a hearing on the motion, at which Frank E.
3 Scherkenbach and John W. Thornburgh of Fish & Richardson appeared on behalf of
4 Power Integrations, and Roger Fulghum of Baker Botts LLP appeared on behalf of
5 Fairchild. Thereafter, on December 17, 2018, the parties filed a “Joint Status Report”
6 advising the Court as to the status of challenges pending before the U.S. Patent Trial and
7 Appeal Board (“PTAB”) and Federal Circuit with respect to the claims and counterclaims
8 asserted in the instant action. Having read and considered the papers filed in connection
9 with the motion, as well as the arguments of counsel at the hearing, the Court rules as
10 follows.

11 BACKGROUND

12 On February 25, 2016, Power Integrations filed its First Amended Complaint
13 (“FAC”), alleging Fairchild’s infringement of two Power Integrations patents, specifically,
14 claims 31, 34, 38, and 42 of U.S. Patent No. 6,212,079 (the “079 patent”) and claims 1
15 and 21 of U.S. Patent No. 6,249,876 (the “876 patent”). Thereafter, on May 20, 2016,
16 Fairchild filed its “First Amended Answer . . . and Counterclaims,” alleging Power
17 Integrations’ infringement of four Fairchild patents, specifically, claims 14 and 15 of U.S.
18 Patent No. 6,845,019 (the “019 patent”); claims 16, 17, 22, and 27 of U.S. Patent No.
19 7,352,595 (the “595 patent”); claims 1, 6, 10, 13, 16, and 22 of U.S. Patent No.
20 9,049,764 (the “764 patent”); and claims 5 and 6 of U.S. Patent No. 8,854,841 (the “841
21 patent”).

22 On December 15, 2016, the Court, on motion by Fairchild, stayed all proceedings
23 in the instant case pending resolution of three challenges filed with the PTAB, namely,
24 Inter Partes Review (“IPR”) No. 2016-00809, pertaining to the ’079 patent, and IPR No.
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27 asserted therein. See Fed. R. Civ. P. 42(b) (providing, “[f]or convenience, to avoid
28 prejudice, or to expedite and economize, the court may order a separate trial of one or
more separate . . . claims”).

1 2016-01588 and Ex Parte Reexamination No. 90/008,326, both pertaining to the '876 patent.²

2 Subsequently, Power Integrations filed its motion to lift the stay as to the '876
3 patent, on the basis that both the IPR and reexamination proceedings pertaining to said
4 patent had concluded "in favor of [Power Integrations]." (See Mot. at 3:4.) At the hearing
5 on the motion, the parties, in addressing the status of the other patents, confirmed that
6 the '079 patent claims alleged here were on appeal before the Federal Circuit, and
7 Fairchild informed the Court that final decisions by the PTAB on three other IPRs,
8 "against the Fairchild ['019, '764, and '841] patents," were expected to be issued prior to
9 Thanksgiving. (See Tr. at 14:5–6.) In addition, Power Integrations took the position that
10 the stay also should be lifted as to the '595 patent, as said patent was "not in IPR." (See
11 id. at 16:10.) In light of the foregoing, the Court advised the parties it was inclined to
12 allow the '876 and '595 patent claims to go forward, but to continue the stay as to the
13 '079, '019, '764, and '841 patent claims, pending resolution of any appellate proceedings
14 thereon, and, noting the stay "technically ha[d] lifted" by its own terms (see id. at 30:17),³
15 again stayed the entire case, pending resolution of the instant motion.

16 Thereafter, in the Joint Status Report, Power Integrations proposed the instant
17 case "go forward on the '876 and '595 patents, as the Court indicated it was inclined to
18 do" (see Joint Status Report at 1:21–22), and Fairchild sought to "continu[e]" the stay
19 (see id. at 3:21) but, in the alternative, proposed proceeding with "the entire case" (see id.

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21 ² To the extent Fairchild moved to stay pending resolution of three other
22 challenges filed with the PTAB, namely, IPR Nos. 2016-01589, 2016-01590, and 2016-
23 01597, the Court declined such request, as said petitions "pertain[ed] solely to claims not
implicated in the present case." (See Order Gr. Mot. to Stay (Dec. 15, 2016) ("Stay Order")
at 2:15–16.)

24 ³ As initially ordered, the stay extended only through the PTAB's resolution of IPR
25 No. 2016-00809 and IPR No. 2016-01588, and the Patent and Trademark Office's ("PTO")
26 resolution of Ex Parte Reexamination No. 90/008,326. (See Stay Order at 2:16–19.) By
the time of the hearing, each of those challenges had been resolved. See Final Written
Decision, IPR2016-00809 (Sept. 22, 2017) ("Dec. on IPR2016-00809"); Decision Den.
Institution of IPR, IPR2016-01588 (Feb. 17, 2017) ("Dec. on IPR2016-01588"); and Ex
Parte Reexamination Certificate for U.S. Patent No. 6,249,876 C1 (Sept. 21, 2018)
(addressing Reexamination No. 90/008,326) ("Reexam. Certif.").

1 at 3:26) or, if the Court agreed with Power Integrations' proposal, proceeding on the '841
2 patent as well.

3 **LEGAL STANDARD**

4 "Courts have inherent power to manage their dockets and stay proceedings," see
5 Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1426 (Fed. Cir. 1988), and, "[w]hen circumstances
6 have changed such that the court's reasons for imposing the stay no longer exist or are
7 inappropriate, the court may lift the stay," see Akeena Solar Inc. v. Zep Solar Inc., 2011
8 WL 2669453, *2 (N.D. Cal. 2011) (internal quotation and citation omitted).

9 In deciding whether to impose a stay, the Court considers three factors: "(1)
10 whether discovery is complete and whether a trial date has been set; (2) whether a stay
11 will simplify the issues in question and trial of the case; and (3) whether a stay would
12 unduly prejudice or present a clear tactical disadvantage to the nonmoving party." See
13 Telemac Corp. v. Teledigital, Inc., 450 F.Supp.2d 1107, 1111 (N.D. Cal. 2006). In
14 deciding whether to lift a stay, the court considers those same factors. See, e.g.,
15 Personal Audio LLC v. Google, Inc., 230 F.Supp.3d 623, 626 (E.D. Tex. 2017)
16 (considering, in "deciding whether to lift an already-imposed stay pending IPR, . . . the
17 same three factors that were considered at the time that the stay was imposed").

18 **DISCUSSION**

19 At the time the instant motion was filed, a number of proceedings relevant to the
20 claims at issue here were pending decision before the PTO and PTAB, and the parties
21 did not know whether those decisions, once issued, would be appealed. The
22 circumstances have now changed. The PTO and PTAB have taken final action as to all
23 of the patent claims at issue here, and, to the extent an appeal to the Federal Circuit has
24 not been filed, the time to do so has passed. The current status of each of those claims
25 is set forth below.

26 With respect to the '079 patent, the PTAB found claims 31, 34, 38, and 42
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1 unpatentable. See Dec. on IPR2016-00809, at 3.⁴ On February 23, 2018, Power
2 Integrations filed an appeal; briefing was completed on July 13, 2018, and, to date, oral
3 argument has not been scheduled. See Fed. Cir. Case No. 18-1607.

4 With respect to the '876 patent, as to claim 1, the record reflects a number of
5 proceedings before the PTO, PTAB, and Federal Circuit, with the result that said claim
6 ultimately was found "patentable as amended." See Reexam. Certif. at 2. As to claim
7 21, the PTAB declined to institute IPR, see Dec. on IPR2016-01588 at 2, and the record
8 does not reflect any appeal of that decision or other challenge to said claim.⁵

9 With respect to the '019 patent, the PTAB cancelled claims 14 and 15, see Final
10 Written Dec., IPR2017-01328 (Nov. 6, 2018) at 2, and no appeal has been filed.⁶

11 With respect to the '595 patent, the parties have stated that no IPR or other
12 challenge has been filed.

13 With respect to the '764 patent, Semiconductor Components Industries, LLC
14 ("Semiconductor Components"),⁷ disclaimed claims 1, 6, 10, 13, and 22, and the PTAB
15 found claim 16 unpatentable. See Final Written Dec., IPR2017-01329 (Nov. 7, 2018) at 2
16 & n.1. Subsequently, after the filing of the Joint Status Report, Semiconductor
17 Components, on January 9, 2019, filed an appeal; to date, no briefing schedule has been
18 set. See Fed. Cir. Case No. 19-1414.

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20 ⁴ Although the parties refer to two other IPR decisions pertaining to the '079
21 patent, see IPR2016-01590 and IPR2016-01592, each of which is on appeal, see Fed.
22 Cir. Case Nos. 18-2085 & 18-2086, neither decision pertains to any of the claims at issue
in the instant case.

23 ⁵ Although the parties identify an additional IPR decision pertaining to the '876
24 patent, see IPR2016-01589, which is on appeal, see Fed. Cir. Case No. 18-1705, said
decision does not pertain to any of the claims at issue in the instant case.

25 ⁶ The Court notes that, in light of the cancellation of claims 14 and 15, it does not
26 appear Fairchild can proceed on its '019 patent claim. As the parties have not, however,
addressed the viability of that claim, the Court does not address it further herein.

27 ⁷ Semiconductor Components is a subsidiary of ON Semiconductor Corp., see
28 Case No. 16-cv-6371-BLF, Dkt. No. 167-5 (Tuttle Decl.) (N.D. Cal. Aug. 2, 2018), which
in 2016 acquired Fairchild.

With respect to the '841 patent, the PTAB found claim 5 unpatentable and found claim 6 had not been shown to be unpatentable. See Final Written Dec., IPR2017-01453 (Nov. 19, 2018) at 2–3. Subsequently, and after the filing of the Joint Status Report, Power Integrations, on January 18, 2019, filed an appeal; to date, no briefing schedule has been set. See Fed. Cir. Case No. 19-1448.

As the foregoing summary shows, there are, at this time, no proceedings pending before the Federal Circuit with respect to the '876 and '595 patent claims asserted in the instant action, whereas the '079, '764, and '841 patent claims asserted are all pending appeal. The Court next turns to the factors identified in Telemac.

As an initial matter, the Court acknowledges that the entire case remains at an early stage, and, consequently, the first factor continues to weigh in favor of a stay. The other two factors, however, weigh in favor of lifting the stay as to the '876 and '595 patent claims. Although Fairchild raises a concern about the potential for duplication of effort as to discovery and trial if the Court proceeds only on those two patents and the Federal Circuit ultimately allows the remaining patent claims to go forward, the Court finds, as discussed at the hearing, Fairchild has not shown such duplication is likely to be substantial. (See Tr. at 23:24–25:17.) Further, and perhaps needless to say, having pretrial proceedings and a trial as to two rather than six patents will be far less complex and, in this instance, also serves to avoid the risk of an unnecessary expenditure of a considerable amount of time, money, and other resources in the event the Federal Circuit finds the remaining claims unpatentable. Lastly, at this point, more than three years have passed since the '876 patent claim was filed (see Power Integrations' Compl. for Patent Infringement (Oct. 21, 2015) ¶¶ 25–35), and, where, as here, the parties are direct competitors, maintaining an already lengthy stay on a patent claim as to which there remains no challenge pending elsewhere could potentially result in protracted competitive harm to the patentee.⁸

⁸ Although Fairchild, in response to the instant motion, proposes an all-or-nothing order as to a stay, the third factor also weighs in favor of lifting the stay as to the '595

1 Accordingly, the Court, having considered the factors relevant to the lifting of a
2 stay, see Akeena Solar, 2011 WL 2669453, at *2, finds it appropriate, under the present
3 circumstances, and for the reasons stated on the record at the hearing, to lift the stay
4 only as to the '876 and '595 patents.

CONCLUSION

6 Power Integrations' motion is hereby GRANTED, and the stay is hereby LIFTED,
7 as to the '876 and '595 patent claims. The stay remains in effect as to the '079, '019,
8 '764, and '841 patent claims.

9 In light of the above, a Case Management Conference is hereby SET for March
10 15, 2019. A Joint Case Management Statement shall be filed no later than March 8,
11 2019.

IT IS SO ORDERED.

Dated: February 14, 2019

Maxine M. Chesney
MAXINE M. CHESNEY
United States District Judge

27 patent claim, which was filed almost three years ago. (See Fairchild's First Am. Ans. &
28 Countercls. (May 20, 2016) ¶¶ 109–29.)